



Dean K. Matsuura
Manager
Regulatory Affairs

December 19, 2008

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Kekuanaoa Building, First Floor
465 South King Street
Honolulu, Hawaii 96813

FILED
2008 DEC 19 P 4: 06
PUBLIC UTILITIES
COMMISSION

Dear Commissioners:

Subject: Docket No. 2008-0083
HECO 2009 Test Year Rate Case
Revised Pages for HECO T-18 Rate Case Update

Enclosed are revised pages for Hawaiian Electric Company, Inc.'s ("HECO" or "Company") Rate Case Update for witness T-18, filed December 17, 2008.

The revised pages 5 through 9 correct errors in the "Change" column of the original filing. The "Change" column did not present the correct difference between the "DIRECT" and "UPDATE" columns. The "DIRECT" and "UPDATE" columns contained correct figures on all pages. The revisions do not affect the results reported in the update.

The Company apologizes for any inconvenience.

Very truly yours,

Enclosure

cc: Division of Consumer Advocacy
Michael L. Brosch, Utilitech, Inc.
Joseph A. Herz, Sawvel & Associates, Inc.
Dr. Kay Davoodi, Department of Defense
Richard W. Carlile, Department of Defense
Ralph Smith, Larkin & Associates

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Present Rates)
Reconciliation of CIP1 Gen Unit at Full Cost Scenario
(\$ in thousands)

| | <u>DIRECT¹</u> | | <u>UPDATE⁵</u> | | |
|--|----------------------------------|---------|----------------------------------|--|-----------|
| | CIP1 Gen Unit | | CIP1 Gen Unit | | |
| | at Full Cost | | at Full Cost | | |
| Investment in Assets | Avg. Rate Base | | Avg. Rate Base | | HECO |
| Serving Customers | for 2009 | | for 2009 | | Reference |
| | | Change | | | |
| Net Cost of Plant in Service ² | 1,545,465 | 6,369 | 1,551,833 | | 1802* |
| Property Held for Future Use | 2,331 | | 2,331 | | 1705 |
| Fuel Inventory | 82,683 | | 82,683 | | 505 |
| Materials & Supplies Inventories | 16,015 | | 16,015 | | 1803 |
| Unamortized Net SFAS 109 | | | | | |
| Regulatory Asset | 61,310 | (786) | 60,524 | | 1606* |
| Unamortized System Development Costs | 17,452 | 192 | 17,644 | | 1117* |
| RO Water Pipeline Regulatory Asset | 3,183 | | 3,183 | | 1121 |
| ARO Regulatory Asset | 13 | | 13 | | 1804 |
| Working Cash at Present Rates ³ | 41,721 | (225) | 41,496 | | 1806* |
| Total Investments in Assets | 1,770,172 | 5,549 | 1,775,721 | | |
| Funds from Non-Investors | | | | | |
| Unamortized CIAC | 178,410 | 3,346 | 181,755 | | 1805* |
| Customer Advances | 848 | | 848 | | 1707 |
| Customer Deposits | 7,695 | 550 | 8,244 | | 902* |
| Accumulated Deferred Income | | | | | |
| Taxes ⁴ | 134,600 | (3,049) | 131,551 | | 1605* |
| Unamortized Investment Tax Credit ⁴ | 34,571 | 2,144 | 36,714 | | 1604* |
| Unamortized Gain on Sales | 1,055 | | 1,055 | | 1120 |
| Pension Regulatory Liability | 2,746 | | 2,746 | | 1124 |
| OPEB Regulatory Liability | 700 | | 700 | | 1125 |
| Total Deductions | 360,622 | 2,990 | 363,612 | | |
| Average Rate Base at Present Rates | 1,409,549 | 2,559 | 1,412,108 | | |
| Change in Working Cash ³ | (1,569) | (22) | (1,591) | | |
| Average Rate Base at Proposed Rates | 1,407,980 | | 1,410,517 | | |

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801 Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See page 14 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 5.

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Current Effective)
Reconciliation of CIP1 Gen Unit at Full Cost Scenario
(\$ in thousands)

| | <u>DIRECT¹</u> | | <u>UPDATE⁵</u> | |
|---|----------------------------------|---------|----------------------------------|-------------------|
| | CIP1 Gen Unit at Full Cost | | CIP1 Gen Unit at Full Cost | |
| Investment in Assets Serving Customers | Avg. Rate Base for 2009 | Change | Avg. Rate Base for 2009 | HECO Reference |
| Net Cost of Plant in Service ² | 1,545,465 | 6,369 | 1,551,833 | 1802* |
| Property Held for Future Use | 2,331 | | 2,331 | 1705 |
| Fuel Inventory | 82,683 | | 82,683 | 505 |
| Materials & Supplies Inventories | 16,015 | | 16,015 | 1803 |
| Unamortized Net SFAS 109 Regulatory Asset | 61,310 | (786) | 60,524 | 1606* |
| Unamortized System Development Costs | 17,452 | 192 | 17,644 | 1117* |
| RO Water Pipeline Regulatory Asset | 3,183 | | 3,183 | 1121 |
| ARO Regulatory Asset | 13 | | 13 | 1804 |
| Working Cash at Present Rates ³ | 41,025 | (220) | 40,805 | 1806* |
| Total Investments in Assets | 1,769,475 | 5,554 | 1,775,030 | |
| Funds from Non-Investors | | | | |
| Unamortized CIAC | 178,410 | 3,346 | 181,755 | 1805* |
| Customer Advances | 848 | | 848 | 1707 |
| Customer Deposits | 7,695 | 550 | 8,244 | 902* |
| Accumulated Deferred Income Taxes ⁴ | 134,600 | (3,049) | 131,551 | 1605* |
| Unamortized Investment Tax Credit ⁴ | 34,571 | 2,144 | 36,714 | 1604* |
| Unamortized Gain on Sales | 1,055 | | 1,055 | 1120 |
| Pension Regulatory Liability | 2,746 | | 2,746 | 1124 |
| OPEB Regulatory Liability | 700 | | 700 | 1125 |
| Total Deductions | 360,622 | 2,990 | 363,612 | |
| Average Rate Base at Present Rates | 1,408,853 | 2,564 | 1,411,417 | |
| Change in Working Cash ³ | (872) | (27) | (900) | |
| Average Rate Base at Proposed Rates | 1,407,980 | | 1,410,517 | |

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801(a) Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See page 15 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 2.

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Present Rates)
Reconciliation of Interim Increase Scenario
(\$ in thousands)

| | <u>DIRECT¹</u> | | <u>UPDATE⁵</u> | | |
|---|----------------------------------|---------|----------------------------------|--|-------------------|
| | Interim Increase (w/o CIPI) | | Interim Increase (w/o CIPI) | | |
| Investment in Assets Serving Customers | Avg. Rate Base for 2009 | Change | Avg. Rate Base for 2009 | | HECO Reference |
| Net Cost of Plant in Service ² | 1,392,546 | 3,988 | 1,396,533 | | 1802* |
| Property Held for Future Use | 2,331 | | 2,331 | | 1705 |
| Fuel Inventory | 82,683 | | 82,683 | | 505 |
| Materials & Supplies Inventories | 16,015 | | 16,015 | | 1803 |
| Unamortized Net SFAS 109 Regulatory Asset | 61,310 | (786) | 60,524 | | 1606* |
| Unamortized System Development Costs | 17,452 | 192 | 17,644 | | 1117* |
| RO Water Pipeline Regulatory Asset | 3,183 | | 3,183 | | 1121 |
| ARO Regulatory Asset | 13 | | 13 | | 1804 |
| Working Cash at Present Rates ³ | 41,575 | (227) | 41,347 | | 1806* |
| Total Investments in Assets | 1,617,106 | 3,167 | 1,620,273 | | |
| Funds from Non-Investors | | | | | |
| Unamortized CIAC | 178,410 | 3,346 | 181,755 | | 1805* |
| Customer Advances | 848 | | 848 | | 1707 |
| Customer Deposits | 7,695 | 550 | 8,244 | | 902* |
| Accumulated Deferred Income Taxes ⁴ | 134,856 | (2,533) | 132,323 | | 1605* |
| Unamortized Investment Tax Credit ⁴ | 31,091 | (130) | 30,961 | | 1604* |
| Unamortized Gain on Sales | 1,055 | | 1,055 | | 1120 |
| Pension Regulatory Liability | 2,746 | | 2,746 | | 1124 |
| OPEB Regulatory Liability | 700 | | 700 | | 1125 |
| Total Deductions | 357,399 | 1,233 | 358,632 | | |
| Average Rate Base at Present Rates | 1,259,707 | 1,934 | 1,261,641 | | |
| Change in Working Cash ³ | (1,353) | (22) | (1,375) | | |
| Average Rate Base at Proposed Rates | 1,258,355 | | 1,260,267 | | |

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801(b) Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See page 16 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 6.

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Current Effective)
Reconciliation of Interim Increase Scenario
(\$ in thousands)

| | <u>DIRECT¹</u> | | <u>UPDATE⁵</u> | |
|--|---------------------------|---------|---------------------------|-----------|
| | Interim Increase | | Interim Increase | |
| | (w/o CIP1) | | (w/o CIP1) | |
| Investment in Assets | Avg. Rate Base | | Avg. Rate Base | HECO |
| Serving Customers | for 2009 | Change | for 2009 | Reference |
| Net Cost of Plant in Service ² | 1,392,546 | 3,988 | 1,396,533 | 1802* |
| Property Held for Future Use | 2,331 | | 2,331 | 1705 |
| Fuel Inventory | 82,683 | | 82,683 | 505 |
| Materials & Supplies Inventories | 16,015 | | 16,015 | 1803 |
| Unamortized Net SFAS 109 | | | | |
| Regulatory Asset | 61,310 | (786) | 60,524 | 1606* |
| Unamortized System Development Costs | 17,452 | 192 | 17,644 | 1117* |
| RO Water Pipeline Regulatory Asset | 3,183 | | 3,183 | 1121 |
| ARO Regulatory Asset | 13 | | 13 | 1804 |
| Working Cash at Present Rates ³ | 40,879 | (223) | 40,656 | 1806* |
| Total Investments in Assets | 1,616,411 | 3,171 | 1,619,582 | |
| Funds from Non-Investors | | | | |
| Unamortized CIAC | 178,410 | 3,346 | 181,755 | 1805* |
| Customer Advances | 848 | | 848 | 1707 |
| Customer Deposits | 7,695 | 550 | 8,244 | 902* |
| Accumulated Deferred Income | | | | |
| Taxes ⁴ | 134,856 | (2,533) | 132,323 | 1605* |
| Unamortized Investment Tax Credit ⁴ | 31,091 | (130) | 30,961 | 1604* |
| Unamortized Gain on Sales | 1,055 | | 1,055 | 1120 |
| Pension Regulatory Liability | 2,746 | | 2,746 | 1124 |
| OPEB Regulatory Liability | 700 | | 700 | 1125 |
| Total Deductions | 357,399 | 1,233 | 358,632 | |
| Average Rate Base at Present Rates | 1,259,012 | 1,939 | 1,260,950 | |
| Change in Working Cash ³ | (657) | (26) | (683) | |
| Average Rate Base at Proposed Rates | 1,258,355 | | 1,260,267 | |

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801(c) Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See page 17 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 3.

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Current Effective)
Reconciliation of Base Case Scenarios
(\$ in thousands)

| | <u>DIRECT¹</u> | | <u>UPDATE⁵</u> | | <u>UPDATE⁶</u> | | <u>UPDATE⁷</u> | | |
|---|---|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|-------------------|
| | Base Case Avg. Rate Base for 2009 | Change from Direct | Base Case Avg. Rate Base for 2009 | Change from Direct | Base Case Avg. Rate Base for 2009 | Change from Direct | Base Case Avg. Rate Base for 2009 | Change from Direct | HECO Reference |
| Investment in Assets Serving Customers | | | | | | | | | |
| Net Cost of Plant in Service ² | 1,469,005 | 5,178 | 1,474,183 | 5,178 | 1,474,183 | 5,178 | 1,474,183 | | 1802* |
| Property Held for Future Use | 2,331 | | 2,331 | | 2,331 | | 2,331 | | 1705 |
| Fuel Inventory | 82,683 | | 82,683 | | 82,683 | (2,638) | 80,045 | | 505* |
| Materials & Supplies Inventories | 16,015 | | 16,015 | | 16,015 | | 16,015 | | 1803 |
| Unamortized Net SFAS 109 Regulatory Asset | 61,310 | (786) | 60,524 | (786) | 60,524 | (786) | 60,524 | | 1606* |
| Unamortized System Development Costs | 17,452 | 192 | 17,644 | 192 | 17,644 | 192 | 17,644 | | 1117* |
| RO Water Pipeline Regulatory Asset | 3,183 | | 3,183 | | 3,183 | | 3,183 | | 1121 |
| ARO Regulatory Asset | 13 | | 13 | | 13 | | 13 | | 1804 |
| Working Cash at Present Rates ³ | 40,971 | 36 | 41,007 | 83 | 41,055 | (1,320) | 39,652 | | 1806* |
| Total Investments in Assets | 1,692,962 | 4,621 | 1,697,584 | 4,668 | 1,697,631 | 627 | 1,693,590 | | |
| Funds from Non-Investors | | | | | | | | | |
| Unamortized CIAC | 178,410 | 3,346 | 181,755 | 3,346 | 181,755 | 3,346 | 181,755 | | 1805* |
| Customer Advances | 848 | | 848 | | 848 | | 848 | | 1707 |
| Customer Deposits | 7,695 | 550 | 8,244 | 550 | 8,244 | 550 | 8,244 | | 902* |
| Accumulated Deferred Income Taxes ⁴ | 135,277 | (2,606) | 132,671 | (2,606) | 132,671 | (2,606) | 132,671 | | 1605* |
| Unamortized Investment Tax Credit ⁴ | 32,831 | 1,008 | 33,838 | 1,008 | 33,838 | 1,008 | 33,838 | | 1604* |
| Unamortized Gain on Sales | 1,055 | | 1,055 | | 1,055 | | 1,055 | | 1120 |
| Pension Regulatory Liability | 2,746 | | 2,746 | | 2,746 | | 2,746 | | 1124 |
| OPEB Regulatory Liability | 700 | | 700 | | 700 | | 700 | | 1125 |
| Total Deductions | 359,560 | 2,297 | 361,857 | 2,297 | 361,857 | 2,297 | 361,857 | | |
| Average Rate Base at Present Rates | 1,333,402 | 2,324 | 1,335,726 | 2,372 | 1,335,774 | (1,669) | 1,331,733 | | |
| Change in Working Cash ³ | (766) | (27) | (793) | (49) | (815) | (152) | (918) | | |
| Average Rate Base at Proposed Rates | <u>1,332,636</u> | | <u>1,334,933</u> | | <u>1,334,958</u> | | <u>1,330,814</u> | | |

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801(c) Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See pages 18, 19 and 20 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 4.

⁶ With HCEI Implementation Studies and without Sales Forecast Reduction. See Rate Case Update T-23 Att. 7.

⁷ With HCEI Implementation Studies and with Sales Forecast Reduction. See Rate Case Update T-23 Att. 8.